

HOUSE No. 424

By Mr. Burgess of Quincy, petition of Henry F. Long (Commissioner of Corporations and Taxation) relative to taxation of earned incomes and to making more equitable provision with respect to exemptions and deductions. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Thirty-Nine.

AN ACT RELATIVE TO THE TAXATION OF EARNED INCOMES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section five of chapter sixty-two of the
2 General Laws, as last amended by section eight of
3 chapter four hundred and eighty-nine of the acts of
4 nineteen hundred and thirty-five, is hereby further
5 amended by striking out subsection (b) and inserting
6 in place thereof the following:—

7 (b) The excess over fourteen hundred dollars of
8 the income, as defined in section six, of an unmarried
9 person or a married person not living with husband
10 or wife and the excess over nineteen hundred dollars
11 of the combined income, as defined in section six, of
12 a husband and wife living together, derived from
13 professions, employments, trade or business shall be
14 taxed at the rate of one and one half per cent per
15 annum. In determining such income the rental

16 value of living quarters and the value of board fur-
17 nished any individual as part of his compensation
18 shall be included. The wages and salaries of em-
19 ployees and officers of the United States government,
20 so far as the taxation of such wages and salaries is
21 constitutionally prohibited, shall not be taxed. Re-
22 tirement allowances, however described, from the
23 commonwealth or any county, city, town or district
24 thereof, or from any person, if not exempt by law,
25 and interest received in the course of business by
26 persons subject to the provisions of sections seventy
27 to eighty-five, inclusive, of chapter one hundred and
28 forty, shall be taxed under this subsection. The
29 exemption of nineteen hundred dollars allowed to
30 husband and wife living together may be divided as
31 they shall mutually agree, or in the absence of agree-
32 ment shall be prorated between them in proportion
33 to the net business income of each.

1 SECTION 2. Section six of said chapter sixty-two,
2 as last amended by section one of chapter four hun-
3 dred and thirty-six of the acts of nineteen hundred
4 and thirty-five, is hereby further amended by striking
5 out clause (h) and inserting in place thereof the fol-
6 lowing: —

7 (h) The sum of two hundred and fifty dollars for
8 each child of the taxpayer under the age of eighteen.
9 The aforesaid deduction shall not be allowed to both
10 husband and wife, but may be allowed to either as they
11 shall mutually agree, or shall be prorated between
12 them in proportion to the net business income of each.

1 SECTION 3. Said chapter sixty-two is hereby fur-
2 ther amended by striking out section twenty-two and
3 inserting in place thereof the following: —

4 *Section 22.* Every individual inhabitant of the
5 commonwealth, including every partnership, associa-
6 tion or trust, whose annual income from all sources
7 exceeds fourteen hundred dollars, shall annually make
8 a return of his entire income, and every husband and
9 wife living together and inhabitants of the common-
10 wealth, whose annual combined income from all
11 sources exceeds nineteen hundred dollars shall each
12 make a return of such income, except income derived
13 (a) from real estate, (b) from dividends exempt from
14 taxation under section one, (c) from interest upon
15 bonds or other obligations of the United States,
16 (d) from interest upon such bonds, notes and certifi-
17 cates of indebtedness of the commonwealth and
18 political subdivisions thereof as are exempt from
19 taxation under clause twenty-fifth of section five of
20 chapter fifty-nine, (e) from loans secured exclusively
21 by duly recorded mortgages of real estate, taxable
22 as real estate, situated in the commonwealth to an
23 amount not exceeding the assessed value of the mort-
24 gaged real estate less the amount of all prior mort-
25 gages, and (f) from wages or salaries received from
26 the United States constitutionally prohibited from
27 taxation. Every other individual inhabitant, includ-
28 ing every partnership, association or trust, who
29 receives income taxable under section one or sub-
30 section (a) or (c) of section five shall make an annual
31 return of such taxable income.

1 SECTION 4. Section thirty-three of said chapter
2 sixty-two, as amended by chapter one hundred and
3 eighty-six of the acts of nineteen hundred and thirty-
4 two, is hereby further amended by striking out, in
5 the sixth line, the words "two thousand" and in-
6 serting in place thereof the words:—fourteen hun-

7 dred, — so that the first paragraph of said section
8 will read as follows: — *Section 33.* Every employer,
9 being an inhabitant of the commonwealth or having
10 a place of business therein, shall file annually with
11 the commissioner a return in such form as he shall
12 from time to time prescribe, giving the names and
13 addresses of all regular employees residing in the
14 commonwealth to whom said employer has paid
15 wages, salary or other compensation in excess of the
16 sum of fourteen hundred dollars during the preceding
17 calendar year, and may give the amount paid to
18 each. In any individual case, upon request of the
19 commissioner, the exact wages, salary or other com-
20 pensation shall be stated.

1 SECTION 5. Section thirty-four of said chapter
2 sixty-two, as appearing in the Tercentenary Edition,
3 is hereby further amended by striking out, in the
4 sixth line, the words “two thousand” and inserting
5 in place thereof the words: — fourteen hundred, —
6 so that said section will read as follows: — *Section 34.*
7 The treasurer of every city, town and county, and
8 the comptroller, shall, annually not later than April
9 tenth, in the form prescribed by the commissioner,
10 furnish to him names and addresses of all employees
11 of said cities, towns, counties and of the common-
12 wealth, respectively, receiving during the preceding
13 calendar year as salary, wages, or otherwise, amounts
14 exceeding fourteen hundred dollars in each case,
15 together with the amount received by each.

1 SECTION 6. This act shall apply to incomes re-
2 ceived in the calendar year nineteen hundred and
3 thirty-nine and thereafter.